

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 839 (Senator Rosapepe)
Education, Health, and Environmental Affairs

College Affordability and Innovation Act of 2012

This bill requires the Maryland Higher Education Commission (MHEC) to complete a number of tasks to promote competency-based postsecondary education by December 31, 2012, including analyzing and eliminating regulatory and policy barriers; evaluating and recommending potential statutory changes; convening a workgroup to analyze specified regulations; and developing and implementing a plan for soliciting and engaging out-of-state institutions of higher education who may want to partner with in-state institutions of postsecondary education to offer joint programs to Maryland students. MHEC must also develop and execute, in cooperation with Western Governors University (WGU), Excelsior College, and other comparable nonprofit institutions, a binding memorandum of understanding (MOU) that supports and endorses specified tasks.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$21,200 in FY 2012 for MHEC to hire staff to do the required analysis and evaluation of competency-based postsecondary education as well as other tasks required by the bill. This estimate reflects a June 1, 2012 start date, the termination of two full-time contractual staff on December 31, 2012, and the termination of one part-time contractual staff on December 31, 2013. Revenues are not likely affected.

| (in dollars) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|----------------|------------|------------|------------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 21,200 | 79,700 | 16,100 | 0 | 0 |
| Net Effect | (\$21,200) | (\$79,700) | (\$16,100) | \$0 | \$0 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: By December 31, 2012, MHEC must accomplish the following and report to the General Assembly:

- recognize, endorse, and promote competency-based postsecondary education as an important component of Maryland's higher education system;
- analyze and eliminate regulatory and policy barriers to the delivery, funding, and expansion of competency-based postsecondary education programs;
- partner with regionally accredited, nonprofit competency-based postsecondary education providers, as appropriate, to integrate academic programs and services into the Maryland higher education system of postsecondary options including, but not limited to, those provided by WGU and Excelsior College; and
- evaluate and recommend potential statutory changes that would serve to remove regulatory or statutory barriers for qualified Maryland residents enrolled in WGU, Excelsior College, or other comparable nonprofit institutions to receive State need-based financial aid.

MOU with WGU, Excelsior College, and Other Comparable Nonprofit Institutions

MHEC must also develop and execute, in cooperation with WGU, Excelsior College, and other comparable nonprofit institutions, a binding MOU that supports and endorses:

- analyzing and taking steps to reduce and remove any regulatory or licensure obstacles for students and graduates of WGU, Excelsior College, and other comparable nonprofit institutions;
- establishing individual and statewide articulation and transfer agreements between community colleges and WGU, Excelsior College, and other comparable nonprofit institutions;
- examining, identifying, and sharing information pertaining to Maryland adults who have some college but no postsecondary credential for purposes of outreach and education in order to help meet State higher education and workforce goals;
- integrating WGU, Excelsior College, and other comparable nonprofit institutions as approved workforce training programs in Maryland;

- recommending WGU, Excelsior College, and other comparable nonprofit institutions as postsecondary options for Maryland adults in appropriate publications and websites; and
- incorporating WGU, Excelsior College, and other nonprofit competency-based postsecondary education institutions as a resource in the Maryland State Plan for Postsecondary Education.

Regulations Workgroup

By December 31, 2012, MHEC must convene a workgroup consisting of representatives from each of the segments of higher education in the State as well as other interested stakeholders to review and make recommendations for updating provisions of the Code of Maryland Regulations (COMAR) relating to the minimum requirements for in-state degree-granting institutions and the substantial equivalence requirements for out-of-state degree-granting institutions. This review must include a discussion of removing the limits relating to graduation requirement credit for practica, clinical experience, internships, cooperative work experiences, and prior learning that are contained within COMAR 13B.02.02.16, as well as the nursing education program requirements in COMAR 10.27.03 and the nursing examination and licensure standards within COMAR 10.27.01.

Joint Programs

By December 31, 2012, MHEC must develop and implement a plan for soliciting and engaging out-of-state institutions of higher education who may want to partner with in-state institutions of postsecondary education to offer joint programs to Maryland students. MHEC must determine the most effective and feasible incentive that could be provided to public institutions of higher education in the State in order to facilitate and encourage these partnerships.

Current Law: According to COMAR, an applicant for the registered nurse licensure examination must (1) complete satisfactorily and meet all requirements for a diploma or degree from a registered nursing education program approved by the State Board of Nursing; or (2) have a diploma or degree from another state, territory, or country determined by the board to be substantially equivalent to the registered nurse education program approved in this State at the time of the applicant's graduation. An applicant for the practical nurse licensure examination must (1) meet all requirements for a high school diploma or its equivalent and all requirements for a diploma from a licensed practical nursing education program approved by the board at the time of the applicant's graduation; or (2) have a diploma from any other state, territory, or country and determined by the board to be substantially equivalent to the practical nurse education programs approved in this State at the time of the applicant's graduation. An applicant

for the practical nurse licensure examination may also qualify by meeting the requirements for the registered nurse licensure examination.

COMAR defines “substantially equivalent” as a registered nurse or practical nurse education program that (1) contains theoretical learning experiences and related clinical learning experiences that include direct patient care within various settings consistent with program objectives, outcomes, or competencies conducted either concurrently with or after the theoretical learning experience; (2) meets the curriculum requirements for Maryland schools of nursing; and (3) certifies that its graduates are competent in their ability to communicate in the English language.

The curriculum requirements for Maryland schools of nursing include, but are not limited to the appropriate level of the graduate’s intended scope of practice; didactic and clinical learning experiences that are diverse and consistent with program objectives, outcomes, or competencies; specified didactic and clinical instruction in nursing care of families and clients throughout the life span in a variety of care settings requiring nursing measures; and specified didactic and clinical instructional content.

Background:

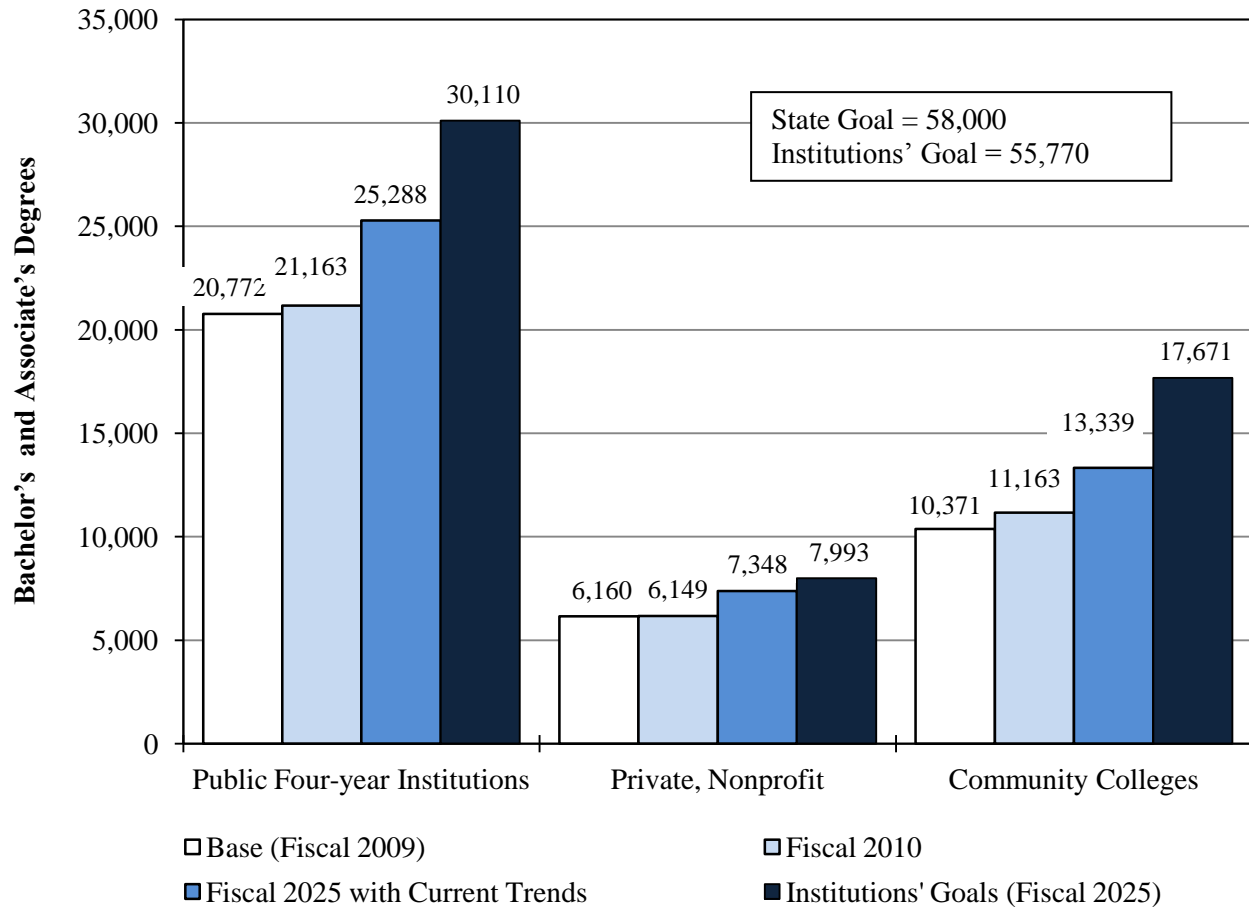
College Completion

To keep the United States globally competitive, in 2009, President Barack H. Obama set a goal for the United States to have the highest degree completion rate in the world by 2020. Although the United States led the world as recently as the 1980s, it is currently ranked twelfth. Increased degree completion is necessary for the country to remain globally competitive but also for individuals to be competitive in the job market. By 2018, 66% of jobs in Maryland will require at least an associate’s degree. Following the President’s lead, Governor O’Malley announced a College Completion Agenda with the goal that at least 55% of Marylanders ages 25 to 64 hold an associate’s or bachelor’s degree by 2025.

Maryland’s current degree attainment rate is 44%, with the State’s public and private nonprofit colleges awarding 38,475 undergraduate degrees in fiscal 2010. To achieve 55% by 2025, 58,000 degrees must be awarded annually. Current trends show that 45,970 degrees will be awarded annually by 2025, so the State’s colleges must increase annual production by 12,025 degrees or 26.2% above current trends.

Each segment of higher education in Maryland has set goals toward awarding 58,000 degrees in 2025, as shown in **Exhibit 1**. The exhibit shows that the individual segment goals total 55,774 degrees, a little short of the 58,000 degree goal.

Exhibit 1
Annual Degree Production from Maryland Higher Education Segments
Toward 55% Goal



Source: Maryland Higher Education Commission; Governor's Budget Books, Fiscal 2013; Department of Legislative Services

Competency-based Degree Programs

In competency-based degree programs, students earn their degrees through a demonstration of skills and knowledge in required subject areas through a series of assessments, rather than through credit hours. Assessments include tests, papers, and other types of assignments. Programs that require a demonstration of skills, such as nursing, require students to complete a skills demonstration in person. To earn a degree, students complete a series of assessments that the institution has decided meets the

degree requirements. Some institutions allow some of the assessments to be waived after a course-by-course transcript analysis.

WGU and Excelsior College are nonprofit online institutions that provide competency-based degree programs. WGU was founded by 19 U.S. Governors, after the idea was born at a 1995 meeting of the Western Governors Association. WGU currently serves over 30,000 students in all 50 states. At WGU, students can begin their studies on the first day of any month. Students pay a set tuition every six months regardless of the number of competency units (credit equivalents) attempted or completed by the student. The “standard term” is based upon a full-time enrollment of at least 12 competency units for undergraduate students or 8 competency units for graduate students. Students who complete more or fewer units are charged the same tuition rates. Tuition depends on the program that the student is enrolled in and, for the fall 2011, it was between \$2,890 and \$4,250 per six-month term. There are additional fees for certain degree programs.

Excelsior College Regents College was founded in 1971 and chartered as a private, nonprofit institution in 1998; the college was renamed Excelsior College in 2001. If a student took a minimum of 12 course credits at the institution for the 2010-2011 academic year, a student paid a \$395 enrollment fee, a \$440 annual student services fee, and \$355 per credit (\$4,260 for 12 credits). There are additional fees for seminars and certain degree programs.

Western Governors University – Indiana

In 2010 Indiana set up a “private label” version of WGU, known as WGU Indiana, creating in essence another public institution of higher education in the state. The new institution was relatively inexpensive to establish, compared to other methods of creating a new public institution, even a virtual one. The only significant change the state made was allowing students to use their state-funded financial aid at WGU Indiana. Start-up costs of nearly \$1.75 million were covered by one-time grants from several private foundations (Lumina, Gates, and the Indiana-based Lilly Foundation). Costs include a chancellor, some in-state offices, and some marketing to students. Operating costs will be largely absorbed by WGU’s headquarters in Salt Lake City.

Maryland State Board of Nursing Review of Nontraditional Nursing Education

In 2011, the Maryland State Board of Nursing established a workgroup to study licensing graduates from competency-based nursing education programs such as Excelsior College. Specifically, the workgroup examined whether or not to change the definition of “substantially equivalent” in COMAR 10.27.01.01(c) relating to the requirement for supervised clinical learning experiences. The 11-member workgroup consisted of nursing board members and staff as well as representatives from community college

nursing programs, university nursing programs, and the Excelsior College nursing program. Ultimately, the majority of the workgroup members voted against changing the definition or making any related changes to the existing requirements for registered nurse licensure by endorsement (a form of reciprocity for nurses initially licensed in other states). However, the workgroup noted that, according to current regulations, an applicant may arrange for the required supervised clinical learning experience prior to graduation if their nursing program did not offer that experience.

State Fiscal Effect: To complete the required tasks in seven months, MHEC will need to hire one contractual full-time professional analyst, one contractual full-time administrative support specialist, and one contractual part-time assistant Attorney General. Thus, general fund expenditures increase by \$21,170 in fiscal 2012 and \$79,702 in fiscal 2013. This estimate reflects a June 1, 2012 start date and two contractual employees terminating after six months (on December 31, 2012) due to the bill's requirement that the majority of tasks be completed by that date. The estimate also assumes that the part-time assistant Attorney General will continue to develop the MOUs with WGU, Excelsior College, and other comparable nonprofit institutions and address any ongoing legal issues for MHEC related to competency-based institutions until December 31, 2013.

| | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014</u> |
|------------------------------|-----------------------|-----------------------|-----------------------|
| Positions | 2.5 | 2.5/0.5 | 0.5 |
| Salaries and Fringe Benefits | \$10,692 | \$78,868 | \$15,985 |
| Operating Expenses | 110 | 834 | 141 |
| Start-up Costs | <u>10,368</u> | <u>0</u> | <u>0</u> |
| Total | \$21,170 | \$79,702 | \$16,126 |

If additional competency-based institutions of postsecondary education decide to apply to operate in the State due to the changes required by the bill, special fund revenue and expenditures increase to evaluate the applications.

Need-based Aid

MHEC reports that there are currently over 31,000 students on the waiting list for the Delegate Howard P. Rawlings Educational Assistance Grant, the State's largest need-based aid program. Changing the statutory language to allow Maryland residents attending WGU, Excelsior College, or other comparable nonprofit out-of-state institutions to receive need-based aid will increase the waiting list of eligible students.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, University System of Maryland, State Board of Nursing, *USA Today*, Department of Legislative Services

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